

Personnel Action Report

City Treasurer / CFO Jerry Hudlow

Background

This document is produced to highlight the wide spectrum of incidents and behavior exhibited by City Treasurer / CFO Jerry Hudlow over the past sixteen months. The production of this document is done so that the issues can be highlighted in a succinct and digestible format. The creation of this document and the decisions made in the wake of Mr. Hudlow's performance and behavior were not initiated lightly or without careful consideration and deliberation.

This review details six separate incidents, which collectively show Mr. Hudlow's repeated and unchanged behavior as unbecoming of a city employee. This behavior therefore constitutes grounds for termination.

Disclaimer

The dates provided in this report may not be exact and precise, however the facts of the various incidents described herein are accurate and compelling. This document does not represent the findings of an internal investigation. Instead, it serves to describe a series of ethical and professional errors that are incompatible for continued employment with the City of Rogers. Because of the circumstances of these incidents, very little documentation exists after oral counseling and reprimands were conducted.

The following summaries establish a solid basis for termination of Mr. Hudlow's employment. However, it should be noted, there have been numerous ancillary incidents which further support the action to terminate employment of Mr. Hudlow.

1. Rogers Historical Museum Grant

The Rogers Historical Museum is in the process of launching a capital campaign to raise money for the expansion of the museum. A multi-year matching grant became available for museum expansions, and Rogers Historical Museum was awarded the grant. Since the capital campaign had not been launched at the time of the grant deadline, the museum needed the city to commit the matching funds to secure the grant. Knowing that the city would be participating in the expansion should the capital campaign become a success, I felt it prudent to set \$50,000 aside as a match. Mr. Hudlow, Dr. Bland, and I had spoken about this issue before it was placed on the July 12th city council agenda. At that same meeting, I told Dr. Bland to get the resolution on the agenda and that I would support it.

On July 12, 2011, I became aware of an issue regarding the proposed resolution. During a casual conversation with Mr. Hudlow about the upcoming city council meeting, he mentioned that he thought the museum issue was not going to pass. When I inquired

further, he said the finance committee members were adamantly against it and he didn't think it had a chance. When I expressed frustration trying to understand why they wouldn't favor the proposal, he just said "he didn't know". I then placed a phone call to Councilwoman Reithemeyer and left a voicemail. She later returned my call, and during the course of the conversation I discovered that she was planning on voting against the resolution. Upon further questioning, it was determined that Councilwoman Reithemeyer had received a call from Mr. Hudlow several days before. Mr. Hudlow had informed her during that conversation that the "administration" was not supporting the resolution and hoped the finance committee would feel the same way. She also said Mr. Hudlow had just called her back to warn her that I was upset and did not like the way this was happening. After explaining to Councilwoman Reithemeyer that I was in fact supporting the resolution and would be at the finance committee meeting, she said she had no issue with supporting it with some additional information.

After my conversation with Councilwoman Reithemeyer, I then made contact with Councilwoman Wolf and Councilman Daniel the remaining two members on the finance committee. Both independently told me they had been contacted by Mr. Hudlow who expressed his desire that the resolution either not make it out of committee, or come out with a recommendation to defeat it in council. Additionally, they both had received a call from Mr. Hudlow just before my call. Both said he acted somewhat nervous and just wanted to warn them that, "I had changed my mind on the issue," and was now supporting it. I had never wavered on my support of the resolution.

In this incident, Mr. Hudlow attempted to affect the outcome of the council decision by lobbying the finance committee to take a position that he personally supported all the while knowing that my position, as the Mayor, was the exact opposite. Upon learning that I was going to address the issue with the finance committee, he called each member and surreptitiously tried to cover the fact that he lobbied council members on behalf of the "administration" knowing it was not my position. *This action illustrates a gross example of insubordination.*

2. Subordinate Employee Management and Conduct

Several employees, including Angela Brewer the Human Resources Director for the city, came to me sometime in the early fall of 2011 regarding an incident with her direct supervisor, Mr. Hudlow. The version of the incident as relayed by Ms. Brewer was the same as others who witnessed the incident. Ms. Brewer said she was at the copy machine outside of Mr. Hudlow's office making a copy of the city vision plan for Lynn Keith. Ms. Brewer said Mr. Hudlow came out of his office and asked her what she was doing, to which she replied, "making a copy of the vision plan for Lynn Keith."

According to Ms. Brewer, Mr. Hudlow said, "I didn't know you worked for Lynn Keith. If that's the case you need to let me know so I can take you off my payroll." Ms. Brewer said the comment was made in front of all the other co-workers in finance and she felt humiliated. After learning of the incident I met with Mr. Hudlow in my office. I repeated the version of the story as I had received it from Ms. Brewer and two other

employees. I explained that I won't tolerate that type of behavior from senior management with their subordinates reminding him that he should be an example for others to follow. Mr. Hudlow indicated he didn't say those things and would have been just kidding if he did. At that point, I called Ms. Brewer to my office and told her Mr. Hudlow denied the incident about which she had complained. After a moment of awkward silence, Ms. Brewer looked at Mr. Hudlow and said it happened just like she told the mayor and went on to reiterate her version of the story. After moving from a visible posture of defense to more of a closed and cowering position in the chair, Mr. Hudlow said he was sorry to Ms. Brewer. Shortly thereafter I dismissed both of them from my office.

Further complicating the situation, in early 2012 I learned of a meeting Mr. Hudlow had with his staff on a day I was out of town. According to several in the meeting and others who were in the city hall lobby, Mr. Hudlow began yelling at his employees at a level that could be heard in the lobby of city hall. At least two present in the meeting said Mr. Hudlow told them, "You don't want to mess with me because I can be a mean son of a bitch". *These actions illustrate two examples of many where Mr. Hudlow interacts, manages, and disciplines his employees with public embarrassment, intimidation, and disrespect.*

3. Failure to Comply with City Rules and Regulations

On October 26, 2011, Mr. Hudlow refused to sign a standard receipt form for the chain of custody for keys and access fobs for the secure areas of city hall. First, Ms. Brewer approached Mr. Hudlow at the request of Mr. Ramey, the IT director and chief security officer. Ms. Brewer returned the form to Mr. Ramey saying Mr. Hudlow refused to sign it. Mr. Hudlow commented to Ms. Brewer that if the city can trust him with millions of dollars, surely they can trust him with a few keys.

According to Mr. Ramey he then made an attempt to get the form signed which resulted in a second refusal. A note on the back of the form indicates Mr. Hudlow refused to sign, stating that he would take it up with the mayor. I have not had a conversation regarding this issue with Mr. Hudlow. I have, along with every other employee, signed the custody receipt for keys and fobs. *This action is but another illustration of the lack of decorum and respect for subordinates, co-workers, and a lack of respect for the authority I place in other department heads.*

4. Workers Compensation and the City Council

On November 7th, 2011, Mr. Hudlow lied to the Rogers City Council during his response to a specific question by one of the council members relating to 2012 workers compensation figures for the 2012 city budget. During the budget hearings, Mr. Hudlow was asked if the 2012 workers compensation numbers were in the budget. Mr. Hudlow told the council he did not have the 2012 numbers, but would be getting them in the next few weeks and would have them updated in the budget before final approval.

I contacted Cheryl Lipscomb with the Arkansas Municipal League who told me the numbers were provided to Mr. Hudlow weeks ago, and she had not received any inquiries nor had any correspondence with anyone from the city since providing the information. When I confronted Mr. Hudlow with this information he acted surprised and said he just made a mistake. He indicated that he was “suspect” of the numbers provided as they reflected a significant savings over the previous year. I inquired to Mr. Hudlow why he did not contact the Arkansas Municipal League if he was, indeed, suspect of the information. He did not have an answer, other than saying he just misspoke. After further questioning, Mr. Hudlow admitted that he did know the number and knew the minute he answered the council’s question that he had messed up. He then went back to saying it was just an oversight. I communicated to Mr. Hudlow my conclusion that this situation boiled down to one of two things:

- 1) He either lied to the city council, or;
- 2) He is incompetent.

He then agreed that he had lied and subsequently apologized. I instructed him to call the council members individually and apologize to them. I have struggled with this situation for some time afterwards. I regularly communicate to city employees that I will not tolerate dishonesty, which ultimately leads to mistrust. This act in and of itself probably should have resulted in immediate termination. It should be noted that several council members have expressed to me that they can no longer trust Mr. Hudlow since this occurrence. Trust is vital in the chief financial officer, the person we hold responsible for millions of dollars (as Mr. Hudlow has been quick to point out). *This incident shows not only a failure in ethics, but an inability for Mr. Hudlow to quickly accept responsibility for his errors and actions. It is vital to the city that the city council and I have faith in this key position.*

5. The Unknown Account

On January 3, 2012, during a meeting with Dr. Bland, Mr. Hudlow, Mr. Lipscomb, and me it was discovered that an account at Arvest bank held under the city tax ID number containing approximately \$250,000.00 was not being managed by our accounting office. Furthermore, this account had never been comprehensively audited by the city. According to Dr. Bland, she had delivered the annual bank statement and tax form to Mr. Hudlow for many years. Dr. Bland had assumed that all requirements were being met. When asked about this account, Mr. Hudlow said he was unaware the funds were held in the city tax ID number and didn’t really pay attention to the statements provided by Dr. Bland. Mr. Hudlow was asked why he never bothered to become familiar with the fund or ask any questions all these years. He replied that there are all kinds of funds throughout the city that are managed by groups associated with departments that are charitable or Not-For-Profit 501(c)3 and he just figured this was one of those. *This action is troubling not only from a public trust standpoint or just the oversight, but the lack of inquiry when receiving statements for years. This situation brings into question the thoroughness and caution in the finance department.*

6. Carrying a Firearm on Campus

I recently became aware of rumors that Mr. Hudlow brings a handgun to city hall daily in his brief case. Several employees when asked confirmed either the rumor or in one case confirmation that in years past Mr. Hudlow has shown the gun on at least two occasions while in his office. While I have no idea why Mr. Hudlow would feel compelled to bring a firearm onto the city hall campus, I do know it is a violation of state statute and against the law.

Conclusion

Mr. Hudlow has been given every chance to succeed in his current position. From counseling sessions to verbal reprimands, Mr. Hudlow has been aware of these issues and failed to improve or sincerely correct any of his actions. From ethical deviations to outright mistruths, Mr. Hudlow's conduct is not compatible with continued employment with the City of Rogers. Rogers cannot continue to be a premier, first-class, and professional municipality with a Chief Financial Officer who utilizes lying, bullying, and information fabrication as part of his strategies for success.